

Petro Matad Limited
(“Petro Matad” or the “Company”)

Award of New Production Sharing Contracts

Central Asian Petroleum Corporation Limited (“Capcorp”) has been awarded two new Production Sharing Contracts (“PSC”) by the Petroleum Authority of Mongolia (“PAM”). Capcorp is a group company of Petro Matad, the quoted parent company of a group focussed on oil exploration as well as future development and production in Mongolia. Capcorp together with Mongolian company Petro Matad LLC joined the Petro Matad group in 2007 prior to the Company’s admission to AIM.

The PSCs are for two petroleum blocks in the southern, central part of Mongolia, approximately 500kms south west of the capital Ulaanbaatar. The petroleum blocks Bogd Block IV (“Block IV”) and Ongi Block V (“Block V”) adjoin each other and jointly cover an area of approximately 71,000 km² (approximately 27,400 square miles).

The signing ceremony took place earlier today in Ulaanbaatar, Mongolia. The Chairman of the PAM, Mr D. Amarsaikhan signed on behalf of the Government and Executive Director Ms Amarzul Tuul signed on behalf of Capcorp.

Petro Matad’s CEO, Douglas McGay, said:

“These new areas add a further dimension to our Company’s portfolio of opportunities. We now have a portfolio of projects at different stages of development, ranging from the advanced exploration results and drilling plans for the Davsan Tolgoi Prospect; through to the advanced exploration on other leads and prospects nearby on Block XX; onto the identified but largely unexplored grabens on Block XX and now the promising new blocks in the centre of Mongolia.

“Whilst management’s main focus will be on drilling activities in Block XX we will be undertaking a work programme on Blocks IV and V in the next two years that will consist of a review of information followed by seismic acquisition and interpretation.

“The granting of these two important and large areas is another significant stage in the development of both Petro Matad and for the development of oil exploration in Mongolia. The Government of Mongolia is to be congratulated in its efforts to attract investment into the exploration of its petroleum resources in a manner which has resulted in commercial terms that encourage investment, while still maintaining significant advantages for the country.”

The petroleum geology and structural style of the blocks is based on the interpretation of the gravity and magnetic surveys that cover the blocks together with the geological field mapping and shallow boreholes.

Structuring of the basement rocks are indicated by gravity and magnetic data, suggesting a variety of structural styles are likely to be present in the block.

Bitumen occurrences, oil shale deposits together with the presence of brown and black coal support the prospectivity of the blocks. They indicate that generation and migration of hydrocarbons has occurred in the basin and that an active petroleum system exists.

The available data indicates that large and potentially deep sedimentary depocentres occur in the blocks with up to 6,000m of sedimentary section. The depocentres contain a stratigraphic section that is of sufficient organic richness and depth to be productive for the generation of hydrocarbons.

Geological field mapping has identified numerous conglomerate and sandstone intervals within the Jurassic-Cretaceous sequence. It is therefore considered likely that sandstones of reservoir quality exist in the subsurface as the sub-basins in Blocks IV and V are likely to have had depositional histories that are similar to other basins in Mongolia. Analogues for Blocks IV and V are the productive Jurassic and Cretaceous basins to the west, south and south-east of China.

Technical information in this news release has been reviewed by Mr. Eric Tucker, the Chief Operating Officer and Principal Explorationist with Isis Petroleum Consultants Pty Ltd. Mr. Tucker is a member of the American Association of Petroleum Geologists and the Petroleum Exploration Society of Australia. He holds a fellowship Diploma in Geology from the Royal Melbourne Institute of Technology and has over 30 years of oil and gas exploration, appraisal and development experience.

Note to Editors:

About Petro Matad Limited

Petro Matad is the parent company of a group focussed on oil exploration, as well as future development and production in Mongolia. The Group's principal asset is the 100 per cent. ownership of a PSC over Block XX, a petroleum block of 14,250km² in the far eastern part of Mongolia.

Petro Matad Limited is incorporated in the Isle of Man under company number 1483V. Its registered office is at Victory House, Prospect Hill, Douglas, Isle of Man, IM1 1EQ

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